GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1744
ANSWERED ON:25.11.2016
Inflationary Impact of Higher State Sales Tax
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Will the Minister of FINANCE be pleased to state:

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(a) whether the Government has issued advisory to States/ UTs from time to time on the inflationary impact of higher State Sales Tax on basic petroleum products;

(b) if so, the details thereof; and

(c) the outcome thereon?

Answer

THE MINISTER OF STATE IN MINISTRY OF FINANCE

(a) to (c): Sales Tax being a tax on purchase or sale of goods within a State, is purely State matter by virtue of Entry 54 of the List-II (State List) of Seventh Schedule of the Constitution wherein State Governments have sovereign power to make tax laws. Moreover, in the recent past, no such request has been made to State Government to reduce State level taxes on Diesel, Kerosene and Domestic LPG. However, at the time of increases in price of Diesel, PDS Kerosene and Domestic LPG in June 2011, the Union Government had requested State Governments to reduce the State levies. In response, 17 State Governments had reduced State VAT/ Sales tax on Diesel/PDS Kerosene/ Domestic LPG.